

February 17, 1976

bably charge 35 or 40 percent. We're not really protecting anybody from those kind of interest rates. What we're simply doing is saying we're going to license the people who charge those kind of interest rates. The poor person, who doesn't have credit, is indeed a financial victim of our society. You don't do him any favor, I don't think, by making money available to him at ever increasing rates of interest so that he's never able to pay off the debt that he incurs anyway. He simply spends the rest of his life, once he's entered a small loan transaction, meeting the interest on that loan. He's on the hook for the rest of his working life most likely. That's not doing anyone a favor, I don't think. He's probably much better off not having that money available to him and spending the rest of his life paying interest on it.

I think that the Governor.... The Governor is very familiar with this. It's my understanding that he was in the small loan business for some period of time. I'm sure that he understands how the business is transacted and what is a reasonable rate of return and what a good, prudent, small loan businessman can do to make a profit. I certainly would rely upon his judgement and experience in this case in addition to the plain facts of the matter that it's simply not necessary and no one has ever proven to this Legislature that it's necessary to raise this interest rate from 12 to 18 percent, except to satisfy a small portion of the lobby interests that occupy this hall out here. We don't have any obligation to them. We certainly have a much broader obligation to the poor people of the State of Nebraska who are driven to pay these high interest rates already. I don't think that we should force them to suffer anymore than we do now.

PRESIDENT: Senator Chambers.

SENATOR CHAMBERS: Mr. Chairman, members of the Legislature. I just want to comment briefly on what Senator Murphy said. He didn't discuss the merits of the bill. Sometimes a political motive can cause an individual to do the right thing. Regardless of what the Governors motive may have been, ... and I have questioned it on occasion myself, Senator Murphy, just as you're doing now. I think your questioning is legitimate. I think it still does not touch the merits of the bill. I say that the interest rates in Nebraska ought to be lowered. By enacting this bill, Senator Goodrich, you might create inequities everywhere. I'm in favor of reducing interest rates that all of them can charge.

So rather than have the Legislature go on record with more than a policy statement, but that's what this amounts to also to the effect that it's hard to gouge the poor and the helpless, I would rather, by defeating this bill by upholding the Governors veto, we take a step toward the direction of lowering these unconscionable interest rates. As difficult as it's going to be, I'm going to introduce a bill next year, because I see there's a crying need for it, to lower that 30 percent and that 24 percent interest rate and we'll see them come out of the woodwork and let them explain at a committee meeting, when I am present, just why they need these exorbitant rates.